

VALUETRONICS HOLDINGS LIMITED

(Incorporated in Bermuda)
(Co. Reg. No: 38813)

THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) A statement of profit or loss and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Statement of Profit or Loss for the period ended 31 December 2015

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2015	2014	Change	2015	2014	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Revenue	1,511,120	1,850,465	-18.3	434,543	596,217	-27.1
Cost of sales	(1,285,111)	(1,604,506)	-19.9	(364,036)	(512,515)	-29.0
Gross profit	226,009	245,959	-8.1	70,507	83,702	-15.8
Other income	3,806	11,991	-68.3	1,437	5,393	-73.4
Selling and distribution costs	(20,008)	(28,200)	-29.0	(7,534)	(8,597)	-12.4
Administrative expenses	(107,911)	(105,410)	2.4	(36,135)	(35,319)	2.3
Net other operating gains/(losses)	1,880	744	152.7	711	(194)	NM
Profit from operations	103,776	125,084	-17.0	28,986	44,985	-35.6
Finance costs	(624)	(702)	-11.1	(209)	(226)	-7.5
Profit before tax	103,152	124,382	-17.1	28,777	44,759	-35.7
Income tax expense	(12,286)	(15,001)	-18.1	(3,598)	(5,553)	-35.2
Profit for the period	90,866	109,381	-16.9	25,179	39,206	-35.8
Attributable to:						
Owners of the Company	90,866	109,381	-16.9	25,179	39,206	-35.8

Note :

NM : Not meaningful

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2015

	The Group			The Group		
	9 months ended 31 December			3 months ended 31 December		
	2015	2014	Change	2015	2014	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Profit for the period	90,866	109,381	-16.9	25,179	39,206	-35.8
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations	(4,273)	(1,555)	174.8	(1,567)	-	NM
Other comprehensive income for the period, net of tax	(4,273)	(1,555)	174.8	(1,567)	-	NM
Total comprehensive income for the period	86,593	107,826	-19.7	23,612	39,206	-39.8
Attributable to:						
Owners of the Company	86,593	107,826	-19.7	23,612	39,206	-39.8

Note:

NM : Not meaningful

Note:

The Group's profit before tax is arrived at after charging / (crediting):

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	28,398	28,249	9,069	9,730
Amortisation of land use rights	365	373	119	125
(Gains)/losses on disposals of property, plant and equipment	(235)	(162)	95	(39)
Interest income	(3,570)	(2,394)	(1,428)	(917)
Bank charges	624	702	209	226
Net exchange losses/(gains)	2,224	(3,404)	988	(1,623)
Net fair value (gains)/losses on derivative financial instruments (Note 1)	(1,880)	(744)	(711)	194

Note 1: The Group entered into certain foreign exchange forward contracts to hedge against its exposure to Renminbi (last period: Renminbi) during the 3 months period ended 31 December 2015. The net fair value gains/losses on derivative financial instruments represented the unrealised gains/losses on mark-to-market values of these contracts as at period end date and net exchange gains/losses resulted from the settlement of these contracts during the period.

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position as at 31 December 2015

	The Group		The Company	
	At 31.12.2015	At 31.3.2015	At 31.12.2015	At 31.3.2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Land use rights	18,806	19,959	-	-
Property, plant and equipment	161,938	171,628	-	-
Investments in subsidiaries	-	-	83,330	83,330
Available-for-sale financial assets	74,465	59,267	-	-
Club membership, at cost	240	250	-	-
Total non-current assets	255,449	251,104	83,330	83,330
Current assets				
Inventories	211,947	221,946	-	-
Trade receivables	353,238	516,966	-	-
Land use rights	472	491	-	-
Prepayments, deposits and other receivables	11,508	18,742	-	175
Available-for-sale financial assets	11,885	7,590	-	-
Due from subsidiaries	-	-	213,717	288,152
Bank and cash balances	681,774	505,847	1,459	284
Total current assets	1,270,824	1,271,582	215,176	288,611
Total assets	1,526,273	1,522,686	298,506	371,941
EQUITY				
Share capital	38,014	37,473	38,014	37,473
Treasury share	(676)	-	(676)	-
Reserves	791,014	771,070	260,890	334,080
Equity attributable to owners of the Company	828,352	808,543	298,228	371,553
Total equity	828,352	808,543	298,228	371,553
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	1,629	1,629	-	-
Total non-current liabilities	1,629	1,629	-	-
Current liabilities				
Trade payables	319,701	347,393	-	-
Accruals, other payables and deposits received	340,858	335,794	278	388
Current tax liabilities	35,733	27,447	-	-
Derivative financial instruments	-	1,880	-	-
Total current liabilities	696,292	712,514	278	388
Total liabilities	697,921	714,143	278	388
Total equity and liabilities	1,526,273	1,522,686	298,506	371,941
Net current assets	574,532	559,068	214,898	288,223
Total assets less current liabilities	829,981	810,172	298,228	371,553

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 December 2015		As at 31 March 2015	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31 December 2015		As at 31 March 2015	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Details of any collateral**None**

1(c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the period ended 31 December 2015

	The Group		The Group	
	9 months ended 31 December		3 months ended 31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities				
Cash generated from operations of continuing operations:				
Profit before tax	103,152	124,382	28,777	44,759
Adjustments for :				
Equity-settled share-based payments	3,956	3,462	1,133	1,341
Depreciation	28,398	28,249	9,069	9,730
Amortisation of land use rights	365	373	119	125
(Gains)/losses on disposals of property, plant and equipment	(235)	(162)	95	(39)
Interest income	(3,570)	(2,394)	(1,428)	(917)
Net fair value (gains)/losses on derivative financial instruments	(1,880)	(744)	(711)	194
Cash settlement for the Awards granted	-	(616)	-	-
Operating profit before working capital changes	130,186	152,550	37,054	55,193
Decrease/(increase) in inventories	9,999	(82,723)	(11,281)	(32,796)
Decrease/(increase) in trade receivables	163,728	(54,006)	114,990	51,614
Decrease/(increase) in prepayments, deposits and other receivables	7,234	(547)	12,216	6,585
(Decrease)/increase in trade payables	(27,692)	86,070	5,172	12,737
Increase in accruals, other payables and deposits received	5,064	19,135	6,646	4,136
Cash generated from operations	288,519	120,479	164,797	97,469
Income tax paid	(3,364)	(268)	(294)	-
Net cash generated from operating activities	285,155	120,211	164,503	97,469
Cash flows from investing activities				
Purchase of property, plant and equipment	(22,795)	(23,251)	(1,792)	(18,311)
Proceeds from disposals of property, plant and equipment	1,116	611	246	457
Purchase of available-for-sale financial assets	(23,243)	-	-	-
Proceeds from redemption of available-for-sale financial assets	3,750	-	-	-
Interest received	3,570	2,394	1,428	917
Net cash used in investing activities	(37,602)	(20,246)	(118)	(16,937)
Cash flows from financing activities				
Dividend paid	(75,478)	(74,618)	-	-
Proceeds from shares issued in exercise of share options	5,414	7,272	-	-
Purchase of treasury shares	(676)	-	(676)	-
Net cash used in financing activities	(70,740)	(67,346)	(676)	-
Net increase in cash and cash equivalents	176,813	32,619	163,709	80,532
Effect of foreign exchange rate changes	(886)	(833)	(331)	(454)
Cash and cash equivalents at beginning of the period	505,847	477,934	518,396	429,642
Cash and cash equivalents at end of the period	681,774	509,720	681,774	509,720

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statements of Changes in Equity for the period ended 31 December 2015

The Group	Attributable to the owners of the Company									
	Share capital	Treasury shares	Reserves						Total reserves	Total equity
			Share premium	Share-based payment reserve	Translation reserve	Statutory reserve (Note)	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2015	37,473	-	112,471	5,808	23,333	2,873	626,585	771,070	808,543	
Total comprehensive income for the period	-	-	-	-	(4,273)	-	90,866	86,593	86,593	
Dividend paid	-	-	-	-	-	-	(75,478)	(75,478)	(75,478)	
Issue of shares on exercise of share options	541	-	4,873	-	-	-	-	4,873	5,414	
Transfer of share premium upon exercise of share options	-	-	3,178	(3,178)	-	-	-	-	-	
Lapsed of share-based payments	-	-	-	(137)	-	-	137	-	-	
Share-based payments	-	-	-	3,956	-	-	-	3,956	3,956	
Purchase of treasury shares	-	(676)	-	-	-	-	-	-	(676)	
Changes in equity for the period	541	(676)	8,051	641	(4,273)	-	15,525	19,944	19,809	
Balance at 31 December 2015	38,014	(676)	120,522	6,449	19,060	2,873	642,110	791,014	828,352	
Balance at 1 April 2014	36,838	-	102,011	5,655	27,327	2,461	552,275	689,729	726,567	
Total comprehensive income for the period	-	-	-	-	(1,555)	-	109,381	107,826	107,826	
Dividend paid	-	-	-	-	-	-	(74,618)	(74,618)	(74,618)	
Issue of shares on exercise of share options	635	-	6,637	-	-	-	-	6,637	7,272	
Transfer of share premium upon exercise of share options	-	-	2,600	(2,600)	-	-	-	-	-	
Cash settlement for the Awards granted	-	-	-	(616)	-	-	-	(616)	(616)	
Lapsed of share-based payments	-	-	-	(158)	-	-	158	-	-	
Share-based payments	-	-	-	3,462	-	-	-	3,462	3,462	
Changes in equity for the period	635	-	9,237	88	(1,555)	-	34,921	42,691	43,326	
Balance at 31 December 2014	37,473	-	111,248	5,743	25,772	2,461	587,196	732,420	769,893	

The Company	Reserves							Total equity
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Contributed surplus	Retained earnings	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2015	37,473	-	112,471	5,808	67,239	148,562	334,080	371,553
Total comprehensive income for the period	-	-	-	-	-	(6,541)	(6,541)	(6,541)
Dividend paid	-	-	-	-	-	(75,478)	(75,478)	(75,478)
Issue of shares on exercise of share options	541	-	4,873	-	-	-	4,873	5,414
Transfer to share premium upon exercise of share options	-	-	3,178	(3,178)	-	-	-	-
Lapsed of share-based payments	-	-	-	(137)	-	137	-	-
Share-based payments	-	-	-	3,956	-	-	3,956	3,956
Purchase of treasury shares	-	(676)	-	-	-	-	-	(676)
Changes in equity for the period	541	(676)	8,051	641	-	(81,882)	(73,190)	(73,325)
Balance at 31 December 2015	38,014	(676)	120,522	6,449	67,239	66,680	260,890	298,228
Balance at 1 April 2014	36,838	-	102,011	5,655	67,239	82,853	257,758	294,596
Total comprehensive income for the period	-	-	-	-	-	(6,100)	(6,100)	(6,100)
Dividend paid	-	-	-	-	-	(74,618)	(74,618)	(74,618)
Issue of shares on exercise of share options	635	-	6,637	-	-	-	6,637	7,272
Transfer to share premium upon exercise of share options	-	-	2,600	(2,600)	-	-	-	-
Cash settlement for the Awards granted	-	-	-	(616)	-	-	(616)	(616)
Lapsed of share-based payments	-	-	-	(158)	-	158	-	-
Share-based payments	-	-	-	3,462	-	-	3,462	3,462
Changes in equity for the period	635	-	9,237	88	-	(80,560)	(71,235)	(70,600)
Balance at 31 December 2014	37,473	-	111,248	5,743	67,239	2,293	186,523	223,996

Note : In accordance with the relevant PRC regulations, the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the subsidiaries.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, repurchase of shares, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL

As at 31 December 2015, the number of ordinary shares in issue was 380,138,750 of which 300,000 were held by the Company as treasury shares. The share capital was HK\$38.0 million. (31 March 2015: 374,726,250 ordinary shares of which nil was held as treasury shares.)

SHARE OPTIONS

As at 31 December 2015, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2015	Additions	Share options exercised	Lapsed	Balance as at 31.12.2015
(a) Incentive Options (Note 1)	S\$0.174	462,500	-	(462,500)	-	-
	S\$0.201	2,200,000	-	(2,200,000)	-	-
	S\$0.162	5,050,000	-	(2,750,000)	(100,000)	2,200,000
	S\$0.406	6,000,000	-	-	(150,000)	5,850,000
	S\$0.295	-	6,500,000	-	-	6,500,000
Total		13,712,500	6,500,000	(5,412,500)	(250,000)	14,550,000

As at 31 December 2014, the Company has the following outstanding share options:

Employee Share Option Scheme	Exercise Price	Balance as at 31.3.2014	Additions	Share options exercised	Lapsed	Balance as at 31.12.2014
(a) Incentive Options (Note 1)	S\$0.150	850,000	-	(850,000)	-	-
	S\$0.160	50,000	-	(50,000)	-	-
	S\$0.174	2,712,500	-	(2,250,000)	-	462,500
	S\$0.201	4,800,000	-	(2,600,000)	-	2,200,000
	S\$0.162	5,100,000	-	-	(50,000)	5,050,000
	S\$0.406	-	6,000,000	-	-	6,000,000
(b) Market Options (Note 2)	S\$0.215	200,000	-	(200,000)	-	-
	S\$0.184	400,000	-	(400,000)	-	-
Total		14,112,500	6,000,000	(6,350,000)	(50,000)	13,712,500

Notes:

- (1) The Incentive Options were issued at a discount of not more than 20% to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.
- (2) The Market Options were issued at the market price which was equal to the average of the last dealt prices on the Official List of the SGX-ST for the five consecutive Market Days immediately preceding the date of grant of the respective Options.

PERFORMANCE SHARE PLAN

The Company has no outstanding performance shares as at 31 December 2015 and 31 March 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares	
As at 31 March 2015	374,726,250
Issuance and allotment of shares pursuant to:	
- Employee Share Option Scheme on 27 July 2015	2,662,500
- Employee Share Option Scheme on 17 Aug 2015	2,750,000
As at 31 December 2015	<u>380,138,750</u>
Total number of treasury shares	
As at 31 March 2015	-
Purchase of treasury shares:	
- 100,000 shares on 13 Nov 2015	(100,000)
- 200,000 shares on 1 Dec 2015	(200,000)
As at 31 December 2015	<u>(300,000)</u>
Total number of issued shares excluding treasury shares	379,838,750

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the current financial period ended as at 31 December 2015, the Company has purchased total of 300,000 treasury shares (Last period: nil)

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 March 2015. The adoption of the new and revised IFRSs, which are effective for the financial period beginning on 1 April 2015, did not result in significant changes to the Group's accounting policies or have any material impact on the Group's and the Company's financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	9 months ended 31 December 2015	9 months ended 31 December 2014
Earnings per ordinary share based on the net profit for the period		
(a) Based on weighted average number of ordinary shares on issue; and	HK 24.1 cents	HK 29.4 cents
(b) On a fully diluted basis	HK 24.0 cents	HK 29.3 cents
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	377,585,614	372,097,114
Effect of potentially dilutive ordinary shares – Share options	1,806,003	660,593
Weighted average number of ordinary shares for the purpose of diluted earnings per share	379,391,617	372,757,707

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	31.12.2015	31.03.2015	31.12.2015	31.03.2015
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on issued share capital excluding treasury shares at the end of the period:	218.1	215.8	78.5	99.2
Number of ordinary shares in issue excluding treasury shares	379,838,750	374,726,250	379,838,750	374,726,250

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Valuetronics is an Electronic Manufacturing Service ("EMS") provider, which focuses on the design and development of products that meet the ever-changing customers' needs. We are the preferred choice of some successful global companies involved in consumer electronics as well as industrial and commercial electronics products, with core competencies ranging from tool fabrication, injection moulding, metal stamping, machining, surface mount technology ("SMT") and finished product assembly on full turnkey basis.

The Group classified its EMS business into 2 reportable segments, namely consumer electronics products ("Consumer Electronics") and industrial and commercial electronics products ("Industrial and Commercial Electronics").

Review – 3 months ended 31 December 2015 (“Q3 FY2016”) vs 3 months ended 31 December 2014 (“Q3 FY2015”)**Revenue**

Revenue decreased by 27.1% or HK\$161.7 million from HK\$596.2 million in Q3 FY2015 to HK\$434.5 million in Q3 FY2016.

Industrial and Commercial Electronics revenue increased by 24.9% to HK\$293.5 million (Q3 FY2015: HK\$235.0 million). Such increase was mainly contributed by the increase in demand from some of our Industrial and Commercial Electronics customers and a new customer within this segment.

Consumer Electronics revenue decreased by 61.0% to HK\$141.0 million (Q3 FY2015: HK\$361.2 million), which was mainly due to the decline in sales of LED lighting products as mass market LED light bulbs (comprising 90% of LED lighting products) have reached end-of-life cycle. In fact, we have completed all the orders of mass market LED light bulbs and have since ceased production of mass market LED light bulbs in this quarter.

Gross profit and gross profit margin

Gross profit decreased by 15.8% to HK\$70.5 million (Q3 FY2015: HK\$83.7 million), however gross profit margin improved to 16.2% (Q3 FY2015: 14.0%). Improved gross profit margin was mainly due to a change in product sales mix during the period.

Other income

Other income decreased by 73.4% to HK\$1.4 million. Such decrease was mainly due to recognition of exchange losses with respect to the depreciation of Renminbi during the period.

Selling and distribution costs

Selling and distribution costs decreased by 12.4% to HK\$7.5 million. Such decrease was mainly due to continuous strict control in marketing expenses.

Administrative expenses

Administrative expenses was HK\$36.1 million (Q3 FY2015: HK\$35.3 million).

Profit for the period

As a result of the above, the net profit for the period decreased by 35.8% to HK\$25.2 million. (Q3 FY2015: HK\$39.2 million).

Review – 9 months ended 31 December 2015 (“9 months FY2016”) vs 9 months ended 31 December 2014 (“9 months FY2015”)**Revenue**

Revenue decreased by 18.3% or HK\$339.4 million from HK\$1,850.5 million in 9 months FY2015 to HK\$1,511.1 million in 9 months FY2016.

Industrial and Commercial Electronics revenue increased by 21.2% to HK\$850.9 million (9 months FY2015: HK\$702.3 million), which was mainly due to the increase in demand from some of our existing and new Industrial and Commercial Electronics customers.

Consumer Electronics revenue decreased by 42.5% to HK\$660.2 million (9 months FY2015: HK\$1,148.2 million), which was mainly due to the decline in sales of LED lighting products as mass market LED light bulbs (comprising 90% of LED lighting products) have reached end-

of-life cycle. In fact, we have completed all the orders of mass market LED light bulbs and have since ceased production of mass market LED light bulbs in Q3 FY2016.

Gross profit and gross profit margin

Gross profit decreased by 8.1% to HK\$226.0 million (9 months FY2015: HK\$246.0 million), however gross profit margin improved to 15.0% (9 months FY2015: 13.3%). Improved gross profit margin was mainly due to the change in product sales mix during the period.

Other income

Other income decreased by 68.3% to HK\$3.8 million. Such decrease was mainly due to the recognition of exchange losses with respect to the depreciation of Renminbi during the period.

Selling and distribution costs

Selling and distribution costs decreased by 29.0% to HK\$20.0 million. Such decrease was mainly due to continuous strict control in marketing expenses and write-back of provision for sales warranties amounted to HK\$3.4 million.

Administrative expenses

Administrative expenses was HK\$107.9 million (9 months FY2015: HK\$105.4 million).

Profit for the period

As a result of the above, the net profit for the period decreased by 16.9% to HK\$90.9 million (9 months FY2015: HK\$109.4).

Financial position and cash flows

As at 31 December 2015, the Group had net current assets of HK\$574.5 million (31 March 2015: HK\$559.1 million), total assets of HK\$1,526.3 million (31 March 2015: HK\$1,522.7 million) and shareholders' funds of HK\$828.4 million (31 March 2015: HK\$808.5 million).

The Group's trade receivables decreased by HK\$163.8 million from HK\$517.0 million as at 31 March 2015 to HK\$353.2 million as at 31 December 2015. The Group's trade payables decreased by HK\$27.7 million from HK\$347.4 million as at 31 March 2015 to HK\$319.7 million as at 31 December 2015. The Group's inventories decreased by HK\$10.0 million from HK\$221.9 million as at 31 March 2015 to HK\$211.9 million as at 31 December 2015.

The working capital of the Group as at 31 December 2015, which is the sum of trade receivables and inventories less trade payables, was HK\$245.4 million (31 March 2015: HK\$391.5 million). The decrease in net working capital, reflecting the movement in trade receivables, inventories and trade payables, was in line with the drop in revenue during the period.

With the strong free cash flow generated by the Group, total cash increased from HK\$505.8 million as at 31 March 2015 to HK\$681.8 million as at 31 December 2015 after the distribution of cash dividend of HK\$75.5 million. Over 96% of its cash and cash equivalents were placed in reputable financial institutions in Hong Kong. The Group had no bank borrowings as at 31 December 2015 (31 March 2015: Nil). For the remaining balance, mainly in PRC, the cash and cash equivalents were placed in equivalent reputable financial institutions. The cash and cash equivalents are annually audited by the Group's auditors.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

During Q3 FY2016, Valuetronics continued to benefit from the widened customer base in the Industrial and Commercial Electronics (“ICE”) segment, and the growth in this segment has mitigated the decline in Consumer Electronics (“CE”) revenue. Overall gross profit margin improved slightly with increased weightage in ICE segment. Our working capital remained healthy with operating activities generating positive operating cash flow.

ICE segment continue to achieve double digit growth during the period with revenue growth from some of our existing customers as well as new revenue stream from the production of electronic products for automotive industry.

CE revenue in this quarter comprised predominantly consumer lifestyle products as we finished all the last orders for the mass market LED light bulbs. With no more mass market LED light bulbs in production, our CE revenue will now comprise products with consumer applications for a portfolio of customers.

While we are well positioned to take advantage of a widened product portfolio and opportunities in the pipeline, we remain mindful on the impacts on the overall business which may result from a stronger US dollar, a continuously depreciated RMB and a further slowdown in China’s economy. Barring unforeseen circumstances, the directors expect the Group to remain profitable for the financial year ended 31 March 2016.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared / recommended for Q3 FY2016.

- 13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If not IPT mandate has been obtained, a statement to that effect.**

The Company does not have a Shareholders' Mandate for IPTs.

- 14. Confirmation By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST**

We, Tse Chong Hing and Chow Kok Kit, being two of the Directors of Valuetronics Holdings Limited (the “Company”), confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 31 December 2015 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of
Valuetronics Holdings Limited

Tse Chong Hing
Chairman and Managing Director
3 February 2016

Chow Kok Kit
Executive Director